

**MARICOPA COUNTY FLOOD CONTROL DISTRICT BOARD OF DIRECTORS MINUTE BOOK**

**January 14, 2002**

The Board of Directors of the Flood Control District of Maricopa County, Arizona, convened at 9:00 a.m., January 14, 2002, in the Board of Supervisors' Auditorium, 205 W. Jefferson, Phoenix, Arizona, with the following members present: Don Stapley, Chairman; Fulton Brock, Vice Chairman; Andy Kunasek, and Mary Rose Wilcox. Absent: Jan Brewer. Also present: Fran McCarroll, Clerk of the Board; Jessie Burning, Administrative Coordinator; David Smith, County Administrative Officer; and Paul Golab, Deputy County Attorney. Votes of the Members will be recorded as follows: (aye-no-absent-abstain)

**DISCUSSION AND ACTION: AMENDMENT OF "BUDGETING FOR RESULTS POLICY GUIDELINES"**  
**OFFICE OF MANAGEMENT AND BUDGET**

Item: Adopt the Budgeting For Results Policy Guidelines (B1006) to serve as the base guidelines from the Board of Directors of the Flood Control District to use when preparing their budget for submission to the Office of Management and Budget. (C49020258) (ADM1900)

Chris Bradley, Budget Manager, Office of Management and Budget, noted that the item before the Board of Directors today is for action to adopt the Budgeting for Results Policy Guidelines in the same format as the Maricopa County policy. This will also include adoption of the Budgeting for Results Priorities for FY 2002-2003 in basically the same form as the County with an exception to the property tax rates, which states that the Flood Control levy will be maintained at a level not to exceed \$45 million.

**Budgeting for Results Policy Guidelines**

**Introduction**

The purpose of this policy is to set forth the guidelines for developing budgets for Maricopa County, as well as the Flood Control, Library, and Stadium Districts. Maricopa County's budget process provides for responsible management of taxpayers' resources, while insuring that funds are directed towards achieving results at all levels.

**Definitions**

Budgeting for Results: A process in which budgetary decisions are based on or informed by performance information that describes the cost or efficiency of producing an activity and the results achieved for customers. This is accomplished by structuring the accounting and budgeting systems according to the structure of Departments' Strategic Plans.

Structurally Balanced Budget: A budget in which all recurring expenditures are fully supported by recurring sources of funding.

**Policy Guidelines**

**1. General Guidelines for Budget Development:**

- a) The budget will be based on conservative revenue estimates and will be *structurally balanced*. The budget will be formulated in accordance with the *Reserve and Tax Reduction Policy Guidelines (B1007)*.
- b) In accordance with the Board of Supervisors/Board of Directors' *Managing for Results Policy (B6001)*, Budgeting for Results is part of an overall management system that integrates planning,

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budgeting, reporting, evaluating and decision-making that is focused on achieving results and fulfilling public accountability. Departments/Special Districts are required to participate in the strategic planning process, and their plans and performance measures, along with strategic direction from the Board of Supervisors/Board of Directors, will be the primary basis for funding decisions.

- c) The Office of Management and Budget will analyze all base budgets to identify possible reductions, and will analyze all results initiative requests in detail, with particular focus on their impact on results.
- d) Directors and Program Managers will critically review new, unfunded or under-funded program mandates from the State and Federal governments in order to determine the fiscal impact to the County and to identify funding solutions.
- e) All positions will be fully funded in the budget or designated for elimination in accordance with the *Funded Position Policy (B3001)*.
- f) Wherever possible, grants and other non-local revenue sources will be used before allocating General Fund resources or other local revenues. Grant and other special revenue budgets will be developed in accordance with the *Policy for Administering Grants (F2001)* and the *Indirect Cost Policy for Grant Programs (F2002)*. Matching funds will be budgeted only to the extent required by law or by contracts and agreements specifically approved by the Board of Supervisors/Board of Directors.
- g) Wherever possible, the annual budget will provide for the adequate and orderly replacement of facilities and major equipment from current revenues based on confirmed analytical review of need. Vehicle replacement will conform to the *Policy for Vehicle Replacement (B4002)*.

**2. Revenue:**

- a) Existing grant agreements or grant applications must support budget requests for grants.
- b) Where appropriate, services and programs will be supported by user fees. User fees will recover the County's full direct and indirect costs, unless market considerations dictate otherwise. All user fees will be reviewed annually in conjunction with the budget development process. Because expenditures supported by user fees are generally subject to the Constitutional expenditure limitation, such expenditures must be carefully reviewed, and user fee rates should be reduced if they can no longer be justified by actual expenditures.
- c) Anticipated revenue to the County from fee increases will not be budgeted unless the Board of Supervisors/Board of Directors has approved such increases.
- d) All Departments/Special Districts, including elected officials and the Judicial Branch, will report to the Board of Supervisors/Board of Directors via the Office of Management and Budget all non-appropriated funding sources available to support their operations and programs, either directly or indirectly. When investigatory or security issues are of concern, such issues will be addressed on an individual basis.

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**3. Expenditures:**

- a) Departments/Special Districts shall submit base expenditure requests within the budget target provided by the Office of Management and Budget. The Office of Management and Budget will develop targets for each fund budgeted by a Department/Special District according to its current budget, with adjustments as directed by the Board of Supervisors/Board of Directors.
- b) Requests for funding above base level must be submitted as *Results Initiatives Requests*, and must be directed to achievement of approved strategic goals that align with the direction of the Board of Supervisors/Board of Directors. Requests for additional funding will be considered only if departments/special districts have met the requirements for "Planning for Results" under the *Managing for Results Policy (B6001)*. Results Initiative Requests must be supported by complete performance measures that can be used to monitor and evaluate the initiative's success if funded. The Board of Supervisors/Board of Directors may annually adopt guidelines and priorities for results initiative requests. The Office of Management and Budget will review all results initiative requests and make recommendations according to the guidelines and priorities established by the board of supervisors/board of directors.
- c) In order to promote consistent and realistic budgeting of personnel, all personal service budgets shall include a reasonable allowance for personnel savings due to natural staff turnover. The rate of personnel savings should be budgeted based on past experience. Budgeted personnel savings may be budgeted conservatively for smaller departments that are subject to greater variations in staff turnover.
- d) No "carryover" capital outlay or capital improvements will be budgeted unless specifically approved by the Board of Supervisors/Board of Directors. Departments that do not identify and receive approval for carryover items will be required to eliminate them or fund them from within their operating budgets.
- e) Major Maintenance projects and Vehicle Replacement for General Fund Departments will be budgeted in General Government. All non-General Fund Departments will fund their own Major Maintenance projects and Vehicle Replacement.

**4. Budget Process:**

- a) All Appointed, Elected and Judicial Branch Departments/Special Districts will follow these policy guidelines in preparing their Annual budget requests.
- b) All Appointed, Elected, and Judicial Branch Departments/Special Districts will submit budget requests to the Office of Management and Budget (OMB) following the detailed timeline, directions and format prescribed by OMB.
- c) Department/Special District financial reporting structures will be established by the Financial Reporting Review Committee and must be finalized prior to budget submission.
- d) All budget requests will be submitted at a detailed level by department, fund, organization unit, Program/Activity, object/revenue source, and month. Departments/Special Districts will prepare

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their budget requests in the budget preparation system provided by the Office of Management and Budget, and will follow all system instructions.

- e) The Deputy County Administrator (DCA) will negotiate budget recommendations with Elected Officials and Judicial Branch departments. If agreement cannot be reached with the DCA, the Presiding Judge and elected officials may first continue negotiation directly with the County Administrative Officer or, if agreement still cannot be reached, with the Board of Supervisors.

**5. Capital Improvement Projects:**

- a) Upon recommendation of the Facilities Review Committee and identification of available funding, the Office of Management and Budget will recommend a five-year Capital Improvement Program to Board of Supervisors/Board of Directors in accordance with the Capital Improvement Program Policy.
- b) The Board of Supervisors/Board of Directors may allocate carry-over fund balances to one-time capital items in accordance with the *Reserve and Tax Reduction Policy (B1007)*.
- c) When requesting funding for capital improvement projects, Departments/Special Districts will provide estimates of increased operating costs associated with each individual project.
- d) Capital improvement program budgets may include a contingency budget reserve to fund project overages of up to 10% or \$1,000,000, whichever is less.

**6. Internal Charges and Indirect Cost Allocations:**

- a) Internal service departments and County Counsel will develop estimates of base and discretionary charges for each Department/Special District they serve according to instructions and schedules provided by OMB. All estimates will be reviewed by the user departments, OMB and Finance.
- b) All internal charges will be based strictly on recovery of actual costs for providing services or sharing use of equipment or facilities; charges between Departments/Special Districts that are based on "market rates" and exceed actual costs are prohibited. Allocation of costs between funds for shared use of buildings or equipment will be determined consistent with the Central Service Cost Allocation plan prepared by the Department of Finance.
- c) Base-level or non-discretionary internal services will be charged at the fund level. General Fund department charges will be budgeted in, and paid from, General Government. Discretionary internal service charges are the responsibility of the requesting Department/Special District.
- d) The Department of Finance will assess Central Service Cost Allocation charges from all non-General Fund agencies except grants based on a full-cost allocation methodology. The Department of Finance will provide departments that administer grants with an indirect cost rate established according to the methodology allowable by the grantor.
- e) Funding for the Self-Insurance Trust Fund will be assessed from all funds as a base-level charge based on a funding plan developed by the Risk Management Department. The funding plan will

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provide for an ending cash balance equal to the projected paid losses and claims-related expenses for the upcoming fiscal year.

**7. Use of the Jail Excise Tax:**

- a) The Jail Excise Tax, authorized by A.R.S. §42-6109 and approved by the voters of Maricopa County in November 1998, is a non-recurring revenue source. Consistent with Maricopa County's budgetary and fiscal policies and the need to maintain a structurally balanced budget, it is the intent of the Board of Supervisors, whenever possible, to fund all recurring operating expenditures, including alternative jail population reduction programs, from recurring revenue sources.
- b) Operating costs for existing jail and juvenile detention facilities will be held to a minimum, and, if possible, will not exceed the required Maintenance of Effort allocation to the Jail Tax Fund from the General Fund, as required by A.R.S. §42-6109.
- c) Operating costs for new jail and juvenile detention facilities will be supported by allocations from the General Fund to the Jail Tax Fund above and beyond the required Maintenance of Effort whenever possible.
- d) Funding for the integrated criminal justice information system project will be set at an appropriate level based on demonstrated benefits that justify the investment.
- e) Information Technology budget requests will be considered for funding from Jail Excise Tax proceeds under the following circumstances:
  - The request is directly related to operation of current and new jail and juvenile detention facilities.
  - The request is part of, or is necessary for full implementation of, the integrated criminal justice information system project, as described in the referendum documentation.
  - If funds are available once the Master Plan has been provided for, jail excise tax funds could be considered for information technology requests that increase the efficiency of various components of the criminal justice system, so long as the project meets one of the authorized uses in A.R.S. §42-6109. These include
    - Developing regional centers for courts not of record.
    - Implementing differentiated case management for criminal cases in superior court.
    - Consolidating criminal divisions of the superior court in the county to a common location.
    - Expanding pretrial release supervision.
    - Implementing electronic monitoring of pre-adjudicated defendants.
    - Enhancing substance abuse evaluation and programming.
    - Increasing drug court admissions to include pre-adjudicated defendants and expanding drug court jurisdiction.
    - Using community based juvenile detention and post-adjudication programs.

Motion was made by Director Brock, seconded by Director Wilcox, and unanimously carried (4-0-1) to approve the Budgeting for Results Policy Guidelines (B1006) to serve as the base guidelines from the Board of Directors of the Flood Control District.

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**DISCUSSION AND ACTION: "BUDGETING FOR RESULTS PRIORITIES" FOR FY 2002-2003/OFFICE OF MANAGEMENT AND BUDGET**

Item: Budgeting for Results Priorities for FY 2002-2003 to provide direction from the Board of Directors to the Office of Management and Budget and the Flood Control District so that structurally balanced budgets are developed for FY 2002-2003. (C49020288) (ADM1900)

**FLOOD CONTROL DISTRICT  
BUDGETING FOR RESULTS PRIORITIES FOR FY 2002-03**

The purpose of these guidelines and priorities is to provide direction from the Board of Directors to the Office of Management and Budget and the department so that structurally a balanced budget is developed for FY 2002-03.

**Base Budget Targets:**

Budgets for all funds will be prepared within target amounts equal to their current budgets plus authorized adjustments. The Office of Management and Budget is directed to adjust baseline budget targets for the annualized cost of FY 2001-02 approved Results Initiative Requests, mid-year appropriation adjustments, and any other items approved by the Board of Directors that have a budget impact in future years.

**Base Reductions:**

In order to maintain a structurally balanced budget, the Office of Management and Budget is directed to pursue and recommend base budget reductions.

**Requests for Additional Funding (Results Initiative Requests):**

Little or no funding will be available for Results Initiative Requests. The Office of Management and Budget will only review critical and emergency Results Initiative Requests. In order for critical or emergency requests to be considered, department staff must meet in advance with the Office of Management and Budget and provide supporting documentation as instructed. Departments must also present their critical and emergency requests at a Board study session in February.

**Property Tax Levies and Rates:**

The Flood Control District levy will be maintained at a level not to exceed \$45 million.

Motion was made by Director Brock, seconded by Director Wilcox, and unanimously carried (4-0-1) to approve the Budgeting for Results Priorities for 2002-2003 that provide direction from the Board of Directors to the Office of Management and Budget and the Flood Control District so that structurally balanced budgets are developed for FY 2002-2003.

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**MEETING ADJOURNED**

There being no further business to come before the Board, the meeting was adjourned.

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Don Stapley, Chairman of the Board

ATTEST:

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Fran McCarroll, Clerk of the Board